

Resolution 99-8
Preserving Equitable Treatment of Taxpayers and State Sovereignty

WHEREAS, state taxation is a core component of state sovereignty, and

WHEREAS, the United States Constitution establishes appropriate bounds to the sovereign power of the states to tax, and

WHEREAS, the system of federalism that is defined by the United States Constitution further provides that state and local governments have primary responsibility to supply the vast majority of daily services that its citizens and residents require and expect, and

WHEREAS, a fiscally sound and efficient state and local tax system that treats similarly situated taxpayers uniformly is required both to provide those services and to support fair competition in the marketplace, and

WHEREAS, it is appropriate for the Congress of the United States to exercise its authority to preempt state taxation laws where doing so would foster uniform treatment of similarly situated taxpayers, thereby increasing the fairness and efficiency of state taxation, and

WHEREAS, it is inappropriate for the Congress of the United States to exercise its authority to preempt state taxation laws in a manner that fosters inequities in the treatment of similarly situated taxpayers or that creates inefficiencies or confusion in the operation of state tax systems, and

WHEREAS, the authority of the Congress of the United States to preempt state taxation laws is subject to limits under the U.S. Constitution, and

WHEREAS, the Executive Branch of the U.S. Government may, in negotiating treaties, trade agreements or other understandings with foreign nations also affect state taxing authority; and

WHEREAS, the injudicious use of federal preemption authority unnecessarily interferes with the sovereign power of the states to make tax policy for their citizens and residents and undermines the ability of the states to administer a uniform, non-discriminatory system of state taxation that does not favor one group of taxpayers over similarly situated taxpayers, now therefore be it

RESOLVED, that the Multistate Tax Commission respectfully urges the Congress and the federal Executive Branch to consult with the states prior to enacting legislation, or negotiating treaties and other agreements, that preempt the sovereign authority of the states to design and administer their own tax laws; and

BE IT FURTHER RESOLVED, that the Multistate Tax Commission respectfully urges the Congress to sparingly exercise its constitutional authority to preempt state tax laws by

47 limiting the exercise of such authority to situations that increase uniform treatment of
48 similarly situated taxpayers; and
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50 **BE IT FURTHER RESOLVED**, that the Multistate Tax Commission respectfully urges
51 the Congress to refrain from exercising its authority to preempt state tax laws in a manner
52 that exceeds its authority under the Constitution, that treats one group of taxpayers more
53 favorably than others, that unnecessarily duplicates protections available to taxpayers
54 under the U.S. or State Constitutions or state law, that creates unpredictable and
55 unintended consequences through ambiguous provisions, or that pursues national
56 economic objectives at the expense of state and local treasuries instead of the federal
57 treasury; and
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59 **BE IT FINALLY RESOLVED**, that the Multistate Tax Commission urges the
60 Executive Branch of the U.S. Government, in its negotiation of treaties, trade agreements
61 and other understandings with foreign nations, to enter into agreements affecting state tax
62 laws that increase the uniform treatment of similarly situated taxpayers and to refrain
63 from entering any agreements that exceed the authority of the federal government with
64 respect to the states, that treat one group of taxpayers more favorably than others, that
65 unnecessarily duplicate protections available to taxpayers under the U.S. or State
66 Constitutions or state law, that create unpredictable and unintended consequences
67 through ambiguous provisions, or that pursue national economic objectives at the expense
68 of state and local treasuries instead of
69 the federal treasury.
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71 Adopted the 30th day of July 1999, by the Multistate Tax Commission.
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75 Attest: _____
76 Dan R. Bucks
77 Executive Director
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